



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

NOTES.

AN interesting coincidence between Lauderdale's *Public Wealth*, published early in the century, and a recent study on wages, appears below, in parallel columns :

S. Wood, "New View of the Theory of Wages." *Quarterly Journal of Economics*, October, 1888, and July, 1889.

The price of a given amount of labor is equal to the price which is paid for the use of such amount of auxiliary capital as can replace it in those operations where the two things can be indifferently employed with equal pecuniary advantage (October, 1888, p. 68).

We have seen that capital and labor compete with each other for employment, being able often to supplant each other (p. 85).

If a man can be hired for one hundred and ten dollars to do a certain piece of work, and if, when interest is at six per cent., a machine can be hired for one hundred and twenty dollars that will do the same work, then so long as the rate of interest remains at six per cent. labor will be employed, but if interest falls to five per cent. then the machine will be employed (p. 64).

The absolute limit to the increase of capital would be attained when its amount should be at the maximum which can usefully be employed in connection with the existing supply of labor, in the existing state of nature and art (July, 1889, p. 478).

Lauderdale, *Public Wealth*. [Edinburgh, 1804.]

That the profit of stock employed in machinery is paid out of a fund that would otherwise be destined to pay the wages of the labor it supplants is evident (p. 167) He [the owner of machinery] has only to charge a little less than the wages of the labor which the machine supplants.

Supposing one man with a loom should be capable of making three pair of stockings a day, and that it should require six knitters to perform the same work with equal elegance in the same time, it is obvious that the proprietor of the loom might demand the wages of five knitters, but if a stocking loom was only capable of making one pair of stockings in three days it would be thrown aside as useless (p. 165-6).

There must at all times be a point determined by the existing state of knowledge and the art of supplanting labor beyond which capital cannot profitably be increased, because when it exceeds that point . . . its value must of consequence diminish in such a manner as effectually to check its augmentation (p. 228).

A POINT of view in regard to the Chicago strikes which received little attention was the relation of numbers to the employment offered. Apart from the unusual blunder of ordering a strike when thousands were out of employment owing to the reduction of trade and industry resulting from the financial panic, it was assumed that the strikers constituted the laboring "effective," so to speak; that there were no others able to compete; if they withdrew, industry must cease. In fact, as the sequel proved, the strike merely shifted employment from those formerly at work to those formerly out of work. Those formerly unemployed changed places with those formerly employed. In other words, the presence of the inevitable "scab" is to be accounted for by the general relation of an excessive supply of such labor to the employment offered. The certain resort to violence against "scabs," which always accompanies a strike, is *ipso facto* full and complete evidence that there exists a large body of laborers ready to go to work at the old wages or on conditions which seem to be unsatisfactory to the strikers. Violence is a mediæval form of blindness to the truth of a larger body of competitors than present employment can engage. Facts like these are potent; but it is not always understood that the number of these competitors is outside the control of the employer, and that there are some things having a large influence on wages which the employer cannot change, and which are beyond his reach. A dawning apprehension of this fact seems to have appeared in some quarters, in connection with the supply of ignorant labor from European lands; but the attention is not so much drawn to immigration as affecting the numbers of laborers, and so lowering wages, as it is to immigration bringing us lawless hordes who cannot understand our institutions. The fact must be faced that in no industry can an unending increase of laborers go on, accompanied by an increased, or even by the same, rate of wages. When laborers are reducing wages against themselves, it is sheer ignorance to put the cause of it on an employer. What we may demand is not an increasing number of laborers with a deteriorating standard, but a lessening or stationary number of laborers with an improving standard.

EXPORTATION OF WHEAT FROM INDIA.¹

THE most serious question for Germany is, How has the exportation of wheat from India been modified since the beginning of the fall of silver? As to that it can be laid down, in spite of all the claims of our landed interests, and in spite of all Professor Friedberg's talk² about axioms and most elementary propositions of political economy, that there can not be noted the smallest connection between the exportation of wheat from India and the fluctuations in the prices of silver—as appears from the following table³:

EXPORTS OF WHEAT FROM INDIA.

Year Ending 31st March.	Quantity in 1,000 cwts.	Value in 1,000 Rs.	Average Rate of Exchange.	
			S	D
1877	5,587	1,958	1	8.51
1878	6,373	2,874	1	8.79
1879	1,057	520	1	7.79
1880	2,202	1,124	1	7.96
1881	7,444	3,278	1	7.96
1882	19,901	8,870	1	7.89
1883	14,194	6,089	1	7.52
1884	21,001	8,896	1	7.54
1885	15,851	6,316	1	7.31
1886	21,069	8,005	1	6.25
1887	22,264	8,626	1	5.44
1888	13,538	5,562	1	4.90
1889	17,610	7,523	1	4.38
1890	13,799	5,791	1	4.57
1891	14,320	6,042	1	6.09
1892	30,303	14,380	1	4.73

It might be of interest here to listen to the views regarding the wheat trade of a most competent judge of the relations involved, the

¹ In view of the recent decline in the price of wheat, and the discussion upon the causes of it, a translation of a section from Mr. Karl Ellstaetter's *Indiens Silberwährung*, 1894, pp. 42-48, which treats of the influence of the fall of silver on the exportation of wheat from India, will be relevant and interesting.

² Reference is made to Professor Friedberg's speech in the Prussian House of Deputies, January 25, 1894, in which he said it was an axiom, yes the most elementary proposition of Political Economy, that a depreciating standard of value acted as a stimulus to exports and a discouragement to imports.

³ *Indian Currency Committee*, p. 241.

oft-quoted Director of the Statistical Bureau of the Indian Empire, Mr. J. E. O'Connor. In his "Review of the Trade of India in 1891-92," he says¹:

Much misapprehension appears still to exist in regard to the conditions which have permitted the development of the wheat trade and in regard to the progress which it has made. It may be useful therefore to recapitulate the facts briefly. They are these: Until the opening of the Suez Canal no trade in wheat was possible, the cost and duration of the transit around the Cape having the double effect of making Indian wheat too dear for the European market and of spoiling it by giving weevils time to do their work of destruction. After the opening of the canal it was discovered that there was still an impediment to the trade in the existence of an export duty of three annas the maund, or, say, about five rupees the ton. On the representation of the Bombay Chamber of Commerce this duty was removed in January, 1873. At that time the quantity exported was only 394,000 cwts, but with the removal of the duty it increased until it exceeded 6,000,000 cwts in 1887. The greatest part of the exports, however, was from Calcutta, for Bombay and Karáchi were not yet linked by uninterrupted railway communication with the vast wheat fields of the north-western provinces and the Punjab, whence are now drawn the largest part of the supplies available for export. Then followed the great famine of 1877, 1878, and 1879, raising prices in India to a level that interrupted the export business. With the return of plenty, a reduction of prices, the completion of railway communications, and consequently the reduction of cost of transport, trade was able to take its full development. In 1880-1 the exports were still under 7½ million cwts; in the following year they approached 20 millions. The trade, in fact, owing to the circumstances here mentioned, really began only in 1881-2. Since then there has been no appreciable development. Until 1890-1 the exports were in three years only in some small excess over those of 1881-2, while in six years they were much below them. Last year's exports were abnormal, and it is unlikely that such circumstances will recur soon. Considering the whole trade, it may be said that the average quantity of wheat which Europe will take from us in ordinary times is not quite one million tons, and that we have not on the whole exceeded that quantity since we first supplied it ten years ago.

The exceptionally large exportation of 1891-92 is to be ascribed to the failure in the harvests in Europe, to the Russian interdict on the exportation of grain, and to the resulting rapid rise of price on the European corn markets; as a result, it was exceptionally profitable to export grain from India.

It is to be seen that so weighty an authority as Mr. O'Connor ascribes the exportation of wheat simply to the changed conditions of trade, and does not devote a word to the fall in the price of silver.

Indian wheat, however, is today landed much more cheaply on the European market than twenty years ago, and this also is to be ascribed exclusively to the changed conditions of intercourse and trade. A

¹ See the London *Economist Monthly Trade Supplement*, October 15, 1892, p. 10.

wholesale merchant, F. Comber, a prominent figure in the Anglo-Indian trade, made definite statements on this point before the Royal Gold and Silver Commission.¹

TABLE VIII.

COST OF CARRIAGE OF WHEAT FROM INTERIOR DEPOTS IN INDIA AND AMERICA TO UNITED KINGDOM, PER QUARTER.

YEAR.	Average Price of Wheat in United Kingdom.	COST OF CARRIAGE INDIAN WHEAT				COST OF CARRIAGE AMERICAN WHEAT				REDUCTION COMPARED WITH 1873 IN		
		Inland—Jubbulpore to Bombay. ¹	Sea—Bombay to United Kingdom.	Total.		Inland—Chicago to New York. ²	Sea—New York to United Kingdom.	Total.		Price of Wheat.	Carriage from India.	Carriage from America.
	s d	s d	s d	s d	s d	s d	s d	s d	s d	s d	s d	s d
1873	58 8	9 8	13 0	22 8	6 5	7 0	13 5					
1874	55 9	9 7	11 11	21 6	4 8	6 6	11 2	2 11	1 2	2 3		
1875	45 2	6 10	11 4	18 2	3 10	6 0	9 10	13 6	4 6	3 7		
1876	46 2	6 6	10 6	17 0	3 2	5 6	8 8	12 6	5 8	4 9		
1877	56 9	6 7	9 2	15 9	3 9	4 10	8 7	1 11	6 11	4 10		
Average of 4 years	51 0	7 4	10 9	18 1	3 10	5 8	9 6	7 8	4 7	3 11		
1878	46 5	6 3	4 10	11 1	3 1	5 0	8 1	12 3	11 7	5 4		
1879	43 10	6 4	6 3	12 7	3 10	4 2	8 0	14 10	10 1	5 5		
1880	44 4	6 4	8 1	14 5	4 1	3 10	7 11	14 4	8 3	5 6		
1881	45 4	6 4	9 2	15 6	2 9	2 10	5 7	13 4	7 2	7 10		
1882	45 1	6 5	6 10	13 3	2 8	2 7	5 3	13 7	9 5	8 2		
Average of 5 years	45 0	6 4	7 0	13 4	3 3	3 8	6 11	13 8	9 3	6 6		
1883	41 7	5 8	6 2	11 10	2 10	2 8	5 6	17 1	10 10	7 11		
1884	35 8	5 7	4 3	9 10	2 2	2 4	4 6	23 0	12 10	8 11		
1885	32 10	5 4	4 10	10 2	1 11	2 2	4 1	25 10	12 6	9 4		
1886	31 0	5 1	3 10	8 11	2 11	2 2	5 1	27 8	13 9	8 4		
1887 } 1st six mos.	33 11	4 11	4 6	9 5	2 9	1 8	4 5	24 9	13 3	9 0		
Average of 4½ years	35 0	5 11	4 9	10 1	2 6	2 2	4 8	23 8	11 7	8 9		

The difference of ocean freights is not quite so great here as in the official tables, although it is still important enough to explain, in great part, the fall in prices in England. Jubbulpore was already connected by railway with Bombay in 1873; but the cheapening of inland transportation is not therefore due to the fact alone that the corn district

¹ *II. Report*, p. 252.

² This does not include cost of carriage from the producing districts to Jubbulpore and Chicago.

in question had only been opened to the markets of the world some time after that ; and the fall in freights expressed in English gold is partly to be explained by the fall in the price of silver. No regard has been given to the transportation from the places of production to Jubbulpore, which has been very essentially cheapened by the building of highways, railways, and canals.

In addition, there is a very admirable organization of the export trade in grain. The great English firms have their offices at the principal markets in the interior of the great empire, and when the merchant cables from the metropolitan corn exchange in Mark Lane the quotations of wheat to his agent at Jubbulpore or Cawnpore, this agent, on the basis of the railway and ocean freights as well of the rates of exchange, can immediately compute how much he ought to pay the zamindar.

By this centralization of the wholesale trade expenses are naturally quite largely reduced. If attention be further drawn to the fact that transportation from the places of production to the grain markets of the interior has been made very much easier and cheaper by highways, railways, and canals, and that the grain districts of the valleys in Northern India are now all connected with the sea, it is nonsense to ascribe the falling or stationary wholesale prices of wheat to the fall in the value of silver either alone or in great part. If we compare the retail prices of wheat given in our Tables¹ III., IV., and V., with those of the wholesale prices contained in Table II., and note how the latter have remained stationary while, on the contrary, the former have risen very considerably, it is impossible to find any other explanation for this than the cheapened cost of movement to the grain markets and the significant reduction of expenses in the wholesale trade.

A genuine creation of myths has appeared in connection with the exports of wheat from India. Dr. Arendt, for example, claims in his *Leitfaden der Währungs-Frage*, p. 31 : The English agriculturist was not able to protect himself without any customs-duties against the agricultural competition of India; and, hence, already more than one-half of the English area is today out of cultivation. This last statement is pre-eminently false. The whole superficies of England amounts to 77,642,099 acres; in which, however, are comprised the numerous water-ways, particularly in England, as well as extensive districts in Scotland which

¹ This reference is to other tables given in Mr. Ellstaetter's book, which it was not advisable to reproduce here.

had been turned into sheep-pastures in the last century in consequence of the sad events following the battle of Culloden, and which have later gone entirely out of cultivation. Of the above, there were, in 1892, 47,977,903 acres in cultivation, being 61.8 per centum of the whole area under culture; while, in 1871-1875, there were only 46,984,106 acres.¹ Since the appearance of Indian competition, therefore, the cultivated area has even increased. On the other hand, it is true that in consequence of international competition the acreage chiefly planted in wheat as well as other cereals has steadily declined since 1871-1875. While, in 1871-1875, 3,737,140 acres were planted in wheat, and 11,543,577 acres in other cereals; in 1892 the figures were, respectively, 2,298,607 and 9,328,701 acres. Furthermore, the income from land deduced from the schedules of the income tax has fallen, from 1877 to 1892, from £69,438,632 to £57,391,846, undoubtedly in consequence of international competition. There were, from 1877 to 1892, 1225.19 millions cwts. of wheat and wheat-flour imported into the United Kingdom, of which 120.79 millions cwts., or 9.86 per centum, were imported from India.²

It would now be exceedingly interesting to learn from Dr. Arendt on what ground he concludes that it is precisely the 9.86 per centum and not the other 90.14 per centum of wheat imports—since in regard to wheat it is exclusively a question of Indian competition—which has injured the English producers of grain. Or is he, perhaps, putting forth a theory of “marginal losses” on the analogy of marginal utilities?

But another main argument, also, of our bimetallic agrarians is good for nothing,—the argument that it is impossible for our agricultural interests to compete with the grain from silver-using countries, because it receives a premium on export due to the fall in the value of silver. India being the only silver country from which Europe draws grain—in foreign trade America and Rumania pay gold, Russia, Austria-Hungary, and the La Plata States as yet have solely a paper, not a silver, standard—it is exactly in India that we see that (1) the fall in the price of silver has not had the slightest influence upon the exports of wheat; that (2) rather the purchasing power of the rupee in recent years as compared with grain has declined quite considerably (and in reality

¹ All these figures are taken from the *Agricultural Returns for Great Britain*, 1892.

² These figures are taken from the *Statistical Abstracts for the United Kingdom*, 1877-1891 and 1878-1892.

fell similarly with the quotations of silver); that (3) the cheapening of Indian grain on the European market is to be ascribed to the improvement and the cheapening of means of communication, as well as of a better organization of trade; and finally that (4) India does not control the price of grain on the European market,—but, quite the reverse, grain is only exported from India when the character of the Indian harvests and the European quotation of prices make it profitable.